MEDPAC Medicare Payment Advisory Commission

601 New Jersey Avenue, N.W. • Suite 9000
Washington, DC 20001
202-220-3700 • Fax: 202-220-3759
Website: www.medpac.gov

Glenn M. Hackbarth, J.D., Chairman
Robert D. Reischauer, Ph.D., Vice Chairman
Mark E. Miller, Ph.D., Executive Director

Services provided in multiple ambulatory settings: A comparison of selected procedures

Now available on MedPAC's website are two reports from the RAND Corporation that begin to explore whether services provided in multiple ambulatory settings vary by site of care.

Technological advances in medical procedures, drugs, and devices have made it possible to deliver in a variety of ambulatory settings many medical services that were once limited to inpatient hospital care. For example, cataract surgery can be can be provided in both hospital outpatient departments (OPDs) and ambulatory surgical centers (ASCs). The ability to provide the same service in multiple settings raises important quality and payment policy questions. For example, Medicare's payment rates for the same service currently vary across settings. Is that appropriate? Should payment rates for the same service vary by setting based on cost differences or should they be uniform across sites of care?

Before we can address these policy issues, we need to explore certain analytical questions. Does the nature of a service vary based on the setting in which it is provided? For example, do outpatient departments provide different types of colonoscopies than those furnished in ASCs or physician offices? Does the population receiving a given service differ systematically by setting? Do patients' outcomes vary by setting?

MedPAC contracted with the RAND Corporation to start exploring these analytical questions by developing measures for specific services. The research had four main components:[1]

1. Using Medicare claims data, RAND identified high-volume procedures provided in more than one ambulatory setting. Based on this analysis, we selected three procedures for further study: magnetic resonance imaging (MRI) of the head, neck, and brain; cataract surgery; and colonoscopy.
2. RAND conducted a literature review (at *http://www.medpac.gov/publications/contractor_reports/Oct04_ASC_LitRevRpt(Cont).pdf*) of these three study procedures, focusing on research related to outcome and process indicators.
3. RAND convened expert panels of physicians to rate which measures identified in the literature review would be most appropriate for investigating differences in patients and outcomes by setting for each study procedure.
4. Finally, RAND explored the feasibility of using Medicare administrative data to measure the indicators rated by the expert panel.

[1]Another MedPAC contractor, Social and Scientific Systems, collaborated with RAND on the first and fourth components of the project.

In summary, the literature review found several process and adverse outcome measures for each procedure (MRI of the head, neck, and brain; cataract surgery; and colonoscopy); it was silent, however, on whether these measures varied by the setting in which the service was provided. A small subset of studies analyzed the patient characteristics associated with adverse outcomes.

Based on the literature review, RAND selected a set of indicators to be rated by the expert panels and measured using Medicare claims data. The findings from this phase of the study, which are preliminary and need refinement, are suggestive. See the final report at *http://www.medpac.gov/publications/contractor_reports/Oct04_ASC_Rpt(Contr).pdf*.

The expert panels generally did not feel that patient characteristics such as comorbidities should affect the appropriateness of one setting over another. Nevertheless, analysis of claims data indicates that for both colonoscopy and cataract surgery, a larger share of patients treated in hospital outpatient departments tended to have hypertension and/or diabetes diagnoses. For these services, as well as for MRI of the head, neck, and brain, patients treated in OPDs have higher risk scores than patients treated in other settings, suggesting that they may be more medically complex.

MedPAC is exploring methods to use these indicators to identify differences in care outcomes and patient characteristics related to the setting in which a service is provided. Such methods could include risk adjusting outcome measures and determining the extent to which some outcomes are preventable. For example, measures such as bleeding after a colonoscopy may be related to a patient's underlying condition or might represent a preventable adverse outcome.

Staff contacts

Ariel Winter
(202) 220-3700

Chantal Worzala
(202) 220-3700

November 10, 2004